

MEMORANDUM

NATIONAL SECURITY COUNCIL

FILE
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noted by
HMC 6/12
INFORMATION

May 3, 1973

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ON-FILE NSC RELEASE INSTRUCTIONS APPLY

MEMORANDUM FOR MR. KISSINGER

ON-FILE Agriculture RELEASE INSTRUCTIONS APPLY

FROM: Helmut Sonnenfeldt
A. W. Marshall

ON-FILE Commerce RELEASE INSTRUCTIONS APPLY

SUBJECT: Reported Soviet Grain Purchases

MORI/CDF
C03319860

Commerce Secretary Dent has sent you the brief memorandum at Tab A informing you that the Maritime Administration has learned that Soviet grain traders are in New York negotiating a new grain purchase.

Dent's information is in keeping with the intelligence we have summarized for you in earlier memoranda on this subject. We know that the Soviets have time chartered, at high rates, enough bulk carriers to allow them to ship as much grain in the coming fiscal year as they did in the last. There are rumors that they have contracted for five million tons of U.S. corn. CIA is predicting a Soviet wheat crop of about 153 million tons, as against a projected demand of about 165 million tons. The world wheat and feed grain situation is such that the U.S. is virtually the only source of supply for the Soviet shortfall. Thus, we expect that the Soviets will enter our grain market for large purchases this year, perhaps as large as those of last year.

On the other hand, it is too early to tell with great assurance what the Soviet wheat crop will be like, contrary to Dent's surmise. The CIA forecast is the center of a ± 20 million ton range which represents their 67% confidence interval. Investigations into long-range weather forecasts for the USSR currently suggests that the weather in the wheat crop regions will probably not be as bad there this year as last.

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We see no basis in Dent's memorandum for action on your part. The only first-hand way of learning

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what the Soviets are doing in the grain market is through reports from the grain companies. As the result of your memorandum of April 2, Butz informed you that he is implementing a system of voluntary reporting on export grain sales. However, the system is not yet in operation, and we do not know if it will be effective. It is presently planned to go into operation on June 1, but it will be at least a month after that before even a crude estimate of its effectiveness could be made.

At present, we see no need for any action on your part.

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THE SECRETARY OF COMMERCE

WASHINGTON, D.C. 20230

April 26, 1973

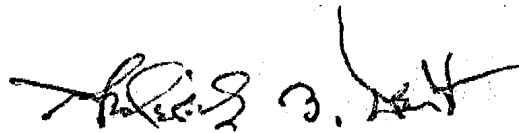
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MEMORANDUM FOR Dr. Henry A. Kissinger
Assistant to the President

SUBJECT: Reported Soviet grain purchases

Our Maritime Administration has passed on information to me that Soviet grain traders (Exportkhleb) are presently in New York negotiating a new grain purchase. There, apparently, is a significant shortfall in Soviet grain production and the magnitude of this sale could be extremely high.

We have also passed this information on to Assistant Secretary of Agriculture Brunthaver, but did want you also to be informed.



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